

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0452-01
Bill No.: HB 236
Subject: Administration, Office of; Boards, Commissions, Committees, Councils; Business and Commerce
Type: Original
Date: February 25, 2013

Bill Summary: This proposal establishes the Minority Business Enterprise and Women's Business Enterprise Oversight Review Committee to assist these business enterprises in bidding on state contracts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$1,009,494)	(\$9,494)	(\$4,747)
Total Estimated Net Effect on General Revenue Fund	(\$1,009,494)	(\$9,494)	(\$4,747)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
MODOT	(\$417,848)	\$0	\$0
Donated Funds	(\$82,152)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$500,000)	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration - Office of Equal Opportunity (OA)** assume this proposal would create the Minority Business Enterprise and Women's Business Enterprise Oversight Review Committee. Some of the duties outlined in this proposal would duplicate duties performed by the Missouri Minority Business Advocacy Commission.

Additionally, if the intent of this proposal is to have a disparity study conducted, Office of Administration has already budgeted for a study that is estimated to cost \$1,500,000, of which Office of Administration would pay \$1,000,000.

Under this proposal, Office of Administration would be required to pay actual and necessary expenses incurred by the committee members in the performance of the duties (estimated to be \$9,494 in FY 2014). Due to the complexity of what would be required by this proposal, it is assumed that the committee would need to meet monthly in order to meet the requirements and deadlines.

It is estimated that the total cost to complete a statewide disparity study will be \$1,500,000. OA has included a New Decision Item (NDI) for \$1,000,000 in their FY 2014 budget request as a one time appropriation. In addition, a special fund was established in FY 2013 to be able to take in both public and private monies to help fund a statewide disparity study. The current balance of donated funds for the disparity study is \$82,152. MoDOT will also be assisting OA with the disparity study. The additional \$500,000 that will be needed to complete the study will be from donated funds and MoDOT.

Officials at the **Department of Agriculture, Department of Conservation, Department of Economic Development, Department of Elementary and Secondary Education, Department of Health and Senior Services, Department of Higher Education, Department of Insurance, Financial Institutions and Professional Registration, Department of Labor and Industrial Relations, Department of Mental Health, Department of Natural Resources, Department of Revenue, Department of Social Services, Office of Prosecution Services, Office of the State Auditor, Office of State Courts Administrator, Office of the State Public Defender and the Office of State Treasurer** each assume there is no fiscal impact to their organization from this proposal.

Officials at the **Office of Administration - Budget and Planning** defer to Office of Administration for fiscal impact.

ASSUMPTION (continued)

Officials at the **Missouri Veterans Commission** assume an unknown impact.

Officials at the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Department of Corrections (DOC)** assume it is unknown what procurement rules and regulations might be implemented by the committee defined in this proposal and how such implementation may affect DOC fiscally.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Oversight assumes that any changes to agencies resulting from the information in the disparity study would be an indirect result of this proposal; therefore, Oversight will not reflect it in the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Cost</u> - Office of Administration payment of disparity study	(\$1,000,000)	\$0	\$0
<u>Cost</u> - Office of Administration commission expenses	<u>(\$9,494)</u>	<u>(\$9,494)</u>	<u>(\$4,747)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$1,009,494)</u>	<u>(\$9,494)</u>	<u>(\$4,747)</u>
MODOT FUNDS			
<u>Cost</u> - Department of Transportation payment of disparity study	<u>(\$417,848)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON MODOT FUNDS	<u>(\$417,848)</u>	<u>\$0</u>	<u>\$0</u>
DONATED FUNDS			
<u>Cost</u> - Donated Funds payment of disparity study	<u>(\$82,152)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON DONATED FUNDS	<u>(\$82,152)</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that bid on state contracts may be affected.

FISCAL DESCRIPTION

This proposal requires the Office of Administration, in consultation with each state department, to establish and implement a plan to increase and maintain the participation of certified socially and economically disadvantaged small business concerns or minority business enterprises in contracts for supplies, services, and construction with the state after it completes a study of the availability of these businesses. The study will be undertaken by a committee of nine members, appointed by the Commissioner of the Office of Administration, and must be completed by December 31, 2015.

The Minority Business Enterprise and Women's Business Enterprise Oversight Review Committee is established to conduct a new study to ensure participation from socially and economically disadvantaged minority or women's business enterprises, to be completed by December 31, 2014. The committee will include one member of the House of Representatives appointed by the Speaker, one member of the Senate appointed by the President Pro Tem, and four members appointed by the Governor. The Office of Administration will staff the committee and aid in the performance of the committee's duties, which are specified in the bill, including the identification of contractors who may need subcontractors and the notification to potential women and minority subcontractors.

The provisions of the bill regarding the review committee will expire six years after the effective date.

This legislation is not federally mandated, and would not require additional capital improvements or rental space. However, it may duplicate another program.


SOURCES OF INFORMATION

Department of Agriculture
Department of Conservation
Department of Corrections
Department of Economic Development
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Higher Education
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Mental Health
Department of Natural Resources
Department of Revenue

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SOURCES OF INFORMATION (continued)

Department of Social Services
Missouri Veterans Commission
Office of Administration
 Budget and Planning
 Office of Equal Opportunity
Office of Attorney General
Office of Prosecution Services
Office of the Secretary of State
Office of the State Auditor
Office of State Courts Administrator
Office of the State Public Defender



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Acting Director
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